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MAY 29 2014

**UNITED STATES BANKRUPTCY COURT**  
UNITED STATES BANKRUPTCY COURT  
EASTERN DISTRICT OF CALIFORNIA  
**EASTERN DISTRICT OF CALIFORNIA**

In re ) Case No. 13-35053-C-7  
EARL COREY PAZ and ) Docket Control No. MPD-5  
CYNTHIA MARIE SHUMP, )  
Debtors )

**NOT FOR PUBLICATION**

**MEMORANDUM OPINION AND DECISION**  
**TRUSTEE'S MOTION FOR TURNOVER OF INFORMATION AND PROPERTY**

The Chapter 7 Trustee in the above-entitled bankruptcy case,  
John Reger ("Trustee"), seeks an order compelling Debtors Earl  
Corey Paz and Cynthia Marie Shump ("Debtors"), to turnover eight  
categories of information and property pursuant to 11 U.S.C.  
§ 542.

In filing their Chapter 7 petition on November 26, 2013, the Debtors listed rental property located at (1) 4795 Railroad Avenue, Vina, CA ("Rental 1"); (2) 8340 Sherwood Boulevard, Los Molinos, CA ("Rental 2"); (3) 465 F Street, Tehama CA ("Rental 3"); and (4.) 8645 State Highway 99E, Los Molinos, CA ("Rental 4").

The Chapter 7 Trustee states that he hired a broker to list the three rental properties, but believes that the broker hired was operating on incorrect information based on "substantial misrepresentations" made by Debtors concerning the true value, the ownership, and the liens encumbering the properties. Debtors have filed a Motion to Convert their Chapter 7 Case to a Chapter 13 case, making dramatic changes to their reported income in

1 asserting that they would now be eligible for Chapter 13 relief.

2 Asserting Debtors' alleged misrepresentations and  
3 questionable changes to their originally filed schedules, Trustee  
4 requested the below listed information and properties in an email  
5 sent to Debtors' counsel on March 11, 2014. The items and  
6 information sought, per Exhibit A, Dckt. No. 62, consist of the  
7 following:

8 (1.) Rent being collected on rentals with accounting  
9 showing all rent paid by each tenant, for each rental,  
from the dating of filing through present and what  
expenses were paid with the rent collected. The rental  
10 properties include: 4795 Railroad Avenue, Vina,  
California; 8340 Sherwood Blvd, Los Molinos,  
11 California; 465 F. Street, Tehama, California; and 8645  
State Highway 99E, Los Molinos, California.

12 (2.) The original lease for 465 F Street, Tehama,  
13 California. Trustee also requests explanations for how  
Debtor could enter the lease on December 1, 2013, five  
14 days after filing Chapter 7 petition, and why the lease  
was not disclosed, in addition to providing accounting  
15 information.

16 (3.) Confirmation that 8340 Sherwood Boulevard, Los  
17 Molinos, California is under a month-to-month rental  
agreement and turnover the security deposit received on  
the property.

18 (4.) A copy of the most recent statement from the  
lender for 4795 Railroad Avenue, Vina, California and  
confirmation that payment is current. Trustee also  
20 requests an explanation of Debtor's authority to enter  
this agreement post-petition with a start date of  
February 7, 2014.

22 (5.) Telephone numbers for all tenants of Debtors'  
rental properties.

23 (6.) Copies of all insurance policies currently in  
effect on the properties.

25 (7.) Closing statements received for purchases of every  
real property listed by Debtors.

27 (8.) A complete copy of Debtors' tax returns, including  
depreciation schedules, state and federal, for the  
years of 2010-2013.

On May 13, 2014, Counsel for Trustee and Counsel for Debtors appeared for a hearing on the Motion for Turnover. Trustee's counsel reported that Trustee had not received any of the rental payments, and that the information that has been obtained by Trustee indicates that the properties are generating rental proceeds, but that it was unclear whether Joint Debtor Earl Paz or his partners were collecting the rent monies.

Debtor's counsel stated that Joint Debtor Earl Paz is working with the co-owners of the properties to obtain the paperwork that Debtor currently does not have access to, to resolve the issues raised by Trustee in his request for documents and rental payments.

At the hearing, the court granted the Trustee's Motion for Turnover of Property on or before noon on June 6, 2014. The Debtors, and each of them, are required to turnover information concerning the Properties and turn over the rents to the Chapter 7 Trustee.

This Memorandum Opinion and Decision, and the further Findings of Fact and Conclusions of Law stated orally on the record, are made pursuant to Federal Rule of Civil Procedure 52 and Federal Rules of Bankruptcy Procedure 7052, 9014.

The court shall issue an order consistent with this Ruling.

Dated: May 29, 2014

Honorable Ronald Sardis  
UNITED STATES BANKRUPTCY JUDGE

1                   **INSTRUCTIONS TO CLERK OF COURT**  
2                   **SERVICE LIST**

3                   The Clerk of Court is instructed to send the attached  
4 document, via the BNC, to the following parties:

5 Michael P. Dacquisto, Esq.  
6 1901 Court Street  
7 Redding, California 96001

8 John W. Reger  
9 Chapter 7 Trustee  
10 280 Hemsted, Suite C  
Redding, CA 96002

11 Gabriel Klug, Esq.  
12 Law Offices of Gabriel D. Klug  
13 1104 Corporate Way  
Sacramento, CA 94831

14 Earl Corey Paz  
15 8615 Clinty Lane  
Los Molinos, CA 96055

16 Cynthia Marie Shump  
17 8615 Clinty Lane  
18 Los Molinos, CA 96055

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